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Committee: Economic Matters

Testimony on: HB1186 “Public Service Companies – Annual Report on Votes Cast at Meetings of Regional Transmission Organizations”

Position: Support

Hearing Date: March 9, 2023

The Maryland Chapter of the Sierra Club urges a favorable report on HB1186.

This bill will shine some needed light on the inner workings of Maryland’s electricity sector. Specifically, the bill will help illuminate the role that Maryland utilities play in a multistate, quasi-governmental electricity organization known as PJM Interconnection (PJM), which exerts significant control over the electricity sector, including decisions as to what new large electricity generation facilities are built in Maryland. The bill requires that Maryland utilities that belong to PJM annually disclose their recorded votes at PJM meetings during the preceding year by filing a report with the Public Service Commission (PSC). Currently, these votes generally are not disclosed. The reports filed with the PSC also will be required to include brief explanations of how the PJM votes served to advance the public interest.

The transparency provided by this bill will enable the General Assembly, the PSC, the Office of People’s Counsel, and Marylanders in general to better understand and track how Maryland utilities exercise their voting rights within PJM, and thus participate in key decisionmaking regarding Maryland’s electricity sector. This sunlight, in turn, will allow interested officials, organizations, and individuals to engage with the utilities regarding their participation in PJM proceedings, without restricting the discretion utilities exercise when casting their PJM votes.

PJM

PJM is one of several multistate and single-state organizations that regulate electricity grids within the United States. Stated broadly, PJM “coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia,” including Maryland.¹ This coordination involves several essential tasks, including decisions on what new large electricity generation facilities may interconnect with the electricity grid.²

As a result, PJM is a key gatekeeper governing Maryland’s efforts to significantly expand its home-grown, clean electricity generation, including (but not limited to) state support for building offshore wind turbines and utility-scale solar fields. These large generation facilities not only must receive state-level approval by the PSC (for facilities larger than two megawatts), but their ability to feed power into the electricity grid must be approved by PJM. Community solar and rooftop solar facilities do not require PJM approval.

¹ <https://www.pjm.com/about-pjm>.

² [https://en.wikipedia.org/wiki/Regional_transmission_organization_\(North_America\)](https://en.wikipedia.org/wiki/Regional_transmission_organization_(North_America)). PJM further influences what transmission facilities are built, electricity market rules that may help or hinder participation in markets by distributed energy resources, energy efficiency, and demand response, and the amount that consumers pay for electricity.

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

PJM policies and procedures are regulated by the Federal Energy Regulatory Commission (FERC) and, within the FERC framework, PJM policies, procedures, and actions are decided upon by its members, who include utility companies and electricity generators. PJM procedures include several levels of member voting, and generally allow voting to be conducted by secret ballot. Consequently, it currently is difficult for those who are subject to, or affected by, these PJM votes to know how the individual PJM members are exercising their discretion.

The Huge PJM Bottleneck on Approving Interconnection of New, Clean Energy Facilities

For several reasons, PJM's process for approving interconnection of new electricity generation facilities substantially broke in recent years, creating a huge bottleneck (and effectively a chokehold) on new clean energy generation throughout the PJM area, including Maryland. In May 2022, PJM told FERC that it had 2,700 projects sitting in line waiting for review and approval, which would provide more than 250 gigawatts of electricity, and that more than 95% of these projects were for wind, solar, battery storage, or a combination of wind or solar with storage.³ The approval delays have meant that the development of large clean energy projects has slowed to a crawl, and some clean energy projects have been abandoned.⁴

In June of last year, FERC approved new PJM review and approval procedures that are expected to speed up the process.⁵ Still, the backlog is not expected to be cleared until early 2026, and so PJM will not begin to consider new applications until then.⁶ Additional reforms may be proposed to PJM to further improve the review process.⁷

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As PJM continues to address its interconnection difficulties, and Maryland's clean energy efforts suffer due to PJM delays, it is important that Maryland's public officials, regulators, and residents know how Maryland utilities are casting their recorded votes at PJM meetings. Although PJM allows these votes to be cast in secret, Maryland's authority to regulate its utilities enables the State to require that these recorded votes be disclosed. This will allow interested officials, organizations, and individuals to engage with the utilities regarding their votes, while retaining utilities' authority to decide how these votes should be cast.

For these reasons, the Maryland Chapter of the Sierra Club urges a favorable report on HB1186.

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³ <https://www.utilitydive.com/news/ferc-pjm-interconnection-reform-plan-queue/637717/> (Utility Dive Brief on PJM interconnection reform).

⁴ <https://www.nytimes.com/2023/02/23/climate/renewable-energy-us-electrical-grid.html?searchResultPosition=1>.

⁵ <https://insidelines.pjm.com/ferc-approves-interconnection-process-reform-plan/>.

⁶ See fn. 3, Utility Dive Brief on PJM interconnection reform.

⁷ Id.